

SPECIAL BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:) PMPD Hearing
) San Francisco
Special Business Meeting) Electric Reliability
) 04-AFC-1
_____)

CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, OCTOBER 3, 2006

1:34 P.M.

Reported by:
Peter Petty
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COMMISSIONERS PRESENT

Jackalyne Pfannenstiel, Chairperson

James D. Boyd

Arthur H. Rosenfeld

John L. Geesman

Jeffrey D. Byron

STAFF and CONTRACTORS PRESENT

B.B. Blevins, Executive Director

William Chamberlain, Chief Counsel

Gary Fay, Hearing Officer

Dick Ratliff, Staff Counsel

PUBLIC ADVISER

Nick Bartsch for Margret Kim

ALSO PRESENT

Jeanne Sol,, Deputy City Attorney
City and County of San Francisco

Robert Sarvey (via teleconference)

Michael Boyd (via teleconference)
Californians for Renewable Energy

Joe Boss
Dogpatch Neighborhood Association
Potrero Boosters

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1 P R O C E E D I N G S

2 1:34 p.m.

3 CHAIRPERSON PFANNENSTIEL: This is an
4 Energy Commission meeting for the single purpose
5 of considering one item that is on the agenda, the
6 San Francisco Electric Reliability project.

7 Possible approval and adoption of the
8 San Francisco Electric Reliability project
9 Presiding Member's Proposed Decision; docket 04-
10 AFC-01.

11 I think I will turn to the Committee.
12 We'll begin with the Pledge of Allegiance; please
13 join me. Thank you, Art.

14 (Whereupon, the Pledge of Allegiance was
15 recited in unison.)

16 CHAIRPERSON PFANNENSTIEL: Thank you,
17 Commissioner Rosenfeld. I get thrown off when
18 it's not morning.

19 So we have before us a Presiding
20 Member's Proposed Decision in this case. And, Mr.
21 Fay.

22 HEARING OFFICER FAY: Thank you,
23 Chairman Pfannenstiel. The Committee conducted
24 four days of evidentiary hearings in April and May
25 of this year. The hearings were held both in

1 Sacramento and in San Francisco. And following
2 the close of the evidentiary hearings the parties
3 submitted briefs on numerous issues in the case.

4 After reviewing the evidentiary record,
5 all exhibits and the briefs, the Committee
6 published the Presiding Member's Proposed
7 Decision, or PMPD, on August 25, 2006.

8 This was followed by a 30-day comment
9 period. The parties in the case filed their
10 written comments on the PMPD on September 20th;
11 and on September 25th the Committee held a
12 conference to give all parties an additional
13 opportunity to discuss the comments submitted by
14 others, and to suggest any changes to the PMPD.

15 The Committee considered all written and
16 oral comments in preparing the errata to the
17 Presiding Member's Proposed Decision, which, along
18 with the PMPD, the Committee recommends today to
19 the full Commission for adoption. You've all been
20 provided a copy of the PMPD, the adoption order
21 and the errata.

22 Are there any questions of me?

23 HEARING OFFICER FAY: Thank you, Mr.
24 Fay. Comments from staff?

25 MR. RATLIFF: The staff has provided

1 written comments at the original PMPD. And we've
2 also contributed to the errata. We have nothing
3 further to say, other than we think the decision
4 is a good one.

5 HEARING OFFICER FAY: Thank you, Mr.
6 Ratliff. Applicant?

7 MS. SOL : Good afternoon,
8 Commissioners. I'm Jean Sol,; I'm representing
9 the City and County of San Francisco here today.
10 I'd like to make some brief comments. I have here
11 with me Karen Kubick from the San Francisco Public
12 Utilities Commission; and Gene Varanini, who has
13 assisted me in this case; representatives of CH2M
14 HILL and Sierra Research, who did much of the
15 environmental work or oversaw that work; and a
16 representative from PB Power, who's been our
17 engineering consultant.

18 The City strongly supports the PMPD with
19 the revisions contained in the errata. We think
20 that the PMPD accurately summarizes the
21 evidentiary record. And it concludes, we agree
22 with the conclusions that the SFERP will comply
23 with all applicable laws, ordinances, regulations
24 and standards, and will not result in any
25 significant adverse impacts.

1 The City, as we mentioned in our opening
2 comments, disagrees with the rationale on the
3 conclusion with regards to environmental justice.
4 But we agree with the conclusion.

5 We would like to thank the Committee for
6 hard work reviewing on extensive and complex
7 record. We'd very much like to thank the staff,
8 which we think worked very hard to help us work
9 through the issues and keep us on schedule.

10 We're pleased that in the end we were
11 able to amicably resolve all the issues that staff
12 raised; and staff did raise some complex and
13 complicated issues. But we believe that we've
14 worked through those and we really appreciate
15 their efforts to do that with us.

16 And we'd like to thank the intervenors
17 and the public for their time and effort reviewing
18 this proceeding, and for providing us their input.

19 Licensing of the SFERP is going to be a
20 substantial step forward in the City's broad and
21 ongoing effort to facilitate the closure of old
22 and dirty inCity generation.

23 We've undertaken that effort in response
24 to, and with the active participation of, the
25 community. These efforts resulted in the adoption

1 in November of 2004 of the action plan by the
2 California Independent System Operator Board of
3 Governors. And that action plan laid out the
4 steps that needed to be taken in order to close
5 down the Hunter's Point and the Potrero Power
6 Plants.

7 This year we achieved a significant
8 milestone with energization of the Jefferson-
9 Martin line. The Hunter's Point Power Plant has
10 permanently ceased operations. And that was
11 something that the community and the City have
12 been working towards for many years. And it's
13 something that we really all can celebrate.

14 We think that with the licensing of the
15 SFERP we will be poised to do the same thing with
16 the Potrero Power Plant. The San Francisco action
17 plan is clear that in order to eliminate the
18 reliability need for the Potrero Power Plant,
19 generation is needed north of the Martin
20 substation in the City. The SFERP was designed
21 and configured to meet this need.

22 I'd like to say a few words about
23 environmental justice. Environmental justice is
24 very important to the City. The City has
25 recognized that southeast San Francisco, which is

1 where this plant is going to be located, is a
2 minority community that has been
3 disproportionately impacted by industrial
4 facilities, including electric power generation,
5 and that it has high rates of childhood asthma and
6 other serious respiratory diseases.

7 Notwithstanding that, environmental
8 justice is the key rationale for the pursuit of
9 the SFERP as part of the effort to close down the
10 Potrero Power Plant. We agree with the PMPD, as I
11 said, that the SFERP doesn't raise environmental
12 justice concerns, but we think that that is
13 because the SFERP is a significant component in
14 the City's efforts to close down the Potrero Power
15 Plant.

16 We encourage you to adopt the proposed
17 decision because we know that our policymakers
18 will continue to have these environmental justice
19 considerations very much at the fore. But we
20 would just like you to know that we would have
21 very serious environmental justice concerns if
22 there were an attempt to site a fossil fuel
23 generating plant in southeast San Francisco that
24 did not provide the reliability basis for closing
25 down the Potrero Power Plant. That's been the

1 City's position in the past, and it will continue
2 to be the City's position.

3 In this case, even though we can't
4 guarantee the closure of the Potrero Power Plant
5 at this time, we think that this plant nonetheless
6 supports environmental justice for a number of
7 important reasons.

8 The first of them is that the SFERP will
9 provide the reliability need to replace the
10 Potrero Power Plant. The second is that the SFERP
11 is part of a broader plan to close down that power
12 plant.

13 The third is that it is the City that's
14 proposing the SFERP and our citizens, we're
15 accountable to our citizens. The City doesn't
16 intend to rest until it achieves the closure of
17 the Potrero Power Plant. And I have no doubt that
18 our citizens won't let us rest in any event, if we
19 wanted to, unless we do what it takes to close
20 down the Potrero Power Plant.

21 Intervenors have argued that
22 environmental justice will not be served because
23 there isn't a guarantee that the Potrero Plant
24 will shut down. However, we have to take the
25 steps that are necessary to achieve that goal. If

1 we cannot replace the reliability need for the
2 Potrero Power Plant, then we won't be able to shut
3 it down.

4 So this is an important and key step
5 along the way, and I would argue probably the most
6 challenging, because siting generation within the
7 City is always going to be something very
8 controversial. So we've taken on that challenge,
9 and we very much appreciate your efforts on our
10 behalf. And I would strongly encourage you to go
11 ahead and adopt the PMPD.

12 And, again, I want to thank the Energy
13 Commission for a tremendous amount of work helping
14 us through this process.

15 CHAIRPERSON PFANNENSTIEL: Thank you
16 very much. We have two intervenors on the phone,
17 and we'll invite their comments. First, Michael
18 Boyd, Californians for Renewable Energy. Mr.
19 Boyd.

20 MR. BOYD: A demand to correct or cure a
21 violation to the Bagley-Keene Open Meeting Act in
22 which the cause of that notice was because the
23 Commission did not properly post the agenda ten
24 days in advance of the meeting on the normal
25 business meeting website.

1 And as a result of that -- we filed that
2 on the 27th of September; and on the 28th the
3 Committee issued a ruling denying it; citing their
4 filing on the Siting Committee's site of the
5 notice, which the public would have no way of
6 knowing about unless they were a party to this
7 proceeding.

8 And we filed an appeal to the full
9 Commission yesterday, asking a full Commission
10 review of the ruling denying our demand to correct
11 or cure this violation.

12 As a result we have checked the meeting
13 today and we believe that it is not properly
14 noticed, and therefore illegal.

15 So, first I'd like to deal with that
16 issue. And then if you want to go further, then I
17 would like to have an opportunity to comment on
18 the decision today.

19 CHAIRPERSON PFANNENSTIEL: Mr. Boyd,
20 we'll have Mr. Chamberlain respond to your first
21 comment.

22 MR. CHAMBERLAIN: Thank you, Madam
23 Chairman. With respect to the demand for
24 correction, the Open Meetings Act does require
25 that a notice of this meeting have been posted on

1 the internet ten days in advance of this meeting.

2 It does not specifically state where on
3 our website that notice is to be posted. The
4 notice was posted on August 29th, well before the
5 ten-day time period, by the Committee in the place
6 where people who are interested in this particular
7 proceeding would have looked; that is, in the
8 specific place where all the files with respect to
9 this case are kept.

10 It was very clear that today, at this
11 time, was to be the time for this meeting. And I
12 think that very clearly complies with section
13 11125 of the Government Code.

14 I don't think it's necessary for the
15 Commission to take up this appeal. It would be
16 denied under our regulations as a matter of law
17 within 30 days. If Mr. Boyd has no objection to
18 the Commission taking it up, even though there
19 hasn't been notice that his appeal filed yesterday
20 would be taken up, then the Commission could
21 specifically take action.

22 But otherwise, I would recommend that
23 you take no action at all on the appeal.

24 CHAIRPERSON PFANNENSTIEL: Any comments
25 from the Commissioners?

1 Mr. Boyd, why don't you continue with
2 your next point.

3 MR. BOYD: Okay, first to respond to
4 what Dick (sic) said, I don't believe I can waive
5 the notice requirements. I don't think I have the
6 authority to waive the notice requirement, as do
7 you, unless there's some emergency reason why the
8 requirements would be waived.

9 And that's part of the problem with the
10 notice that you did before, is that when I filed
11 the complaint, very soon after I filed the demand,
12 the person in charge of the Commission's website
13 did place the agenda on the Commission's normal
14 site where the agendas are posted.

15 And that agenda included this number
16 that I'm calling into today. That number was
17 never posted on the Committee's website. And
18 therefore, the public, if they viewed and had gone
19 by that website, would have had no way of knowing
20 how to participate over the phone.

21 And I could find no other case, no other
22 siting case where the business meeting agenda was
23 not noticed also ten days in advance.

24 So I think this is a unique case here,
25 and you're bending the rules to hear this today.

1 So my objections still stand.

2 On the issue of the PMPD, my
3 understanding is that the PMPD, not the final
4 staff assessment, is the CEQA-equivalent document
5 to an environmental impact report. I also
6 understand that at the PMPD Conference that there
7 were four members of the public who spoke at the
8 PMPD Conference and provided comments on the PMPD.

9 Yet CEQA requires that you provide a
10 written response to the public comments that were
11 presented. To date there has been nothing in
12 writing that specifically respond to members of
13 the public's comments on the PMPD as is required
14 by CEQA. And therefore, I object to the fact that
15 this PMPD has not directly responded to comments.

16 I also object to the errata on the basis
17 that I don't know what specifically the errata is
18 responding to, to whose comments, the applicant's,
19 the intervenors or the members of the public.

20 And finally, I object to the fact that
21 the transcript to the PMPD Conference was not made
22 available prior to this meeting today.

23 I believe this all demonstrates the
24 intent by the Commission to railroad this process
25 through before the public and the intervenors have

1 had their opportunity to exercise their due
2 process rights, their equal protection rights, and
3 their rights to meaningful and informed public
4 participation.

5 That's basically my take.

6 CHAIRPERSON PFANNENSTIEL: Thank you.
7 Mr. Ratliff and Mr. Chamberlain, would you like to
8 speak to the public's comments being responded to?

9 MR. RATLIFF: Well, I think the first
10 thing that perhaps should be said is that the
11 requirement for response to comments under CEQA
12 applies to substantive comments, that is comments
13 that are to the substance of environmental
14 impacts. You must respond to significant comments
15 on significant impacts.

16 And the nature of the comments, the
17 public comment, that we had at the last hearing
18 did not fall into that category. They were very
19 general comments about who spoke for the City of
20 San Francisco, and did not raise specific
21 environmental issues that have not been addressed
22 already in this proceeding.

23 MR. BOYD: So why are you changing --
24 why the errata, then?

25 MR. RATLIFF: I think the question that

1 I am answering is the question of whether or not
2 the Commission has a duty to answer very general
3 comments which do not address specific
4 environmental issues.

5 The errata is, I think, to fine tune the
6 Presiding Member's Proposed Decision so that it is
7 correct in all respects. They were very minor
8 changes to the existing decision, not of a very
9 substantial nature at all.

10 I think that those minor changes reflect
11 the comments that were received from all parties,
12 including Mr. Sarvey.

13 CHAIRPERSON PFANNENSTIEL: Other
14 response, --

15 (Parties speaking simultaneously.)

16 CHAIRPERSON PFANNENSTIEL: -- Mr.
17 Chamberlain?

18 MR. CHAMBERLAIN: Yes. Madam Chairman,
19 I think it's also important to note that the
20 Commission's siting program is a certified
21 regulatory program in which the procedures that
22 are laid out in our regulations take the place of
23 the very detailed procedural requirements of CEQA.

24 We are still required to abide by all
25 the substantive requirements of CEQA, and we do

1 so, as the Commission is well aware. But we are
2 not required to abide by every procedural
3 requirement in CEQA. That's the whole reason we
4 have a certified regulatory program.

5 CHAIRPERSON PFANNENSTIEL: Thank you. I
6 would like to ask Mr. Sarvey, who is also on the
7 phone, for comments.

8 MR. SARVEY: -- the compliance which was
9 filed with the Bay Area Air Quality Management
10 District -- the response to my comments, the
11 project's PM2.5 emissions were reduced from three
12 pounds per hour to 2.5 pounds per hour per turbine
13 by the District.

14 I spent over 700 hours participating in
15 the Energy Commission process for this project.
16 As I look at this project's mitigation package the
17 only meaningful reduction that I see was granted
18 by the Air District. I'm very disappointed that
19 the Energy Commission's values of public input put
20 very little weight on my argument.

21 The mitigation for this project consists
22 of 47 tons of 1985 ERCs from the Potrero Power
23 Plant. The Potrero Power Plant is the very plant
24 that this project is meant to shut down, according
25 to the applicant. So I think that's pretty

1 ironic.

2 How this will help the community that
3 all parties agree is over-burdened by industrial
4 pollution now, still remains a mystery to me and
5 most of the participants.

6 The project's street-sweeping program
7 estimates that there'll be 26 tons of PM10
8 reductions from daily street sweeping on streets
9 that are already being swept. The ARB formula for
10 street sweeping calculated that this project's PM
11 reductions are about 172 pounds per year, not 26
12 tons.

13 Still, all that being said, there's hope
14 that you, the Commissioners, will properly fund
15 AQS-11 with the \$800,000, as Mr. Ngo, the staff
16 air quality witness has proposed. In that event,
17 at least the project's seasonal PM2.5 contribution
18 could be mitigated.

19 At our PMPD Conference, we finally heard
20 from four members of the affected community. The
21 environmental justice principles of the State of
22 California require that these concerns be
23 addressed. This decision does not even mention
24 these people who are most affected by this
25 project.

1 The PMPD's failure to address their
2 concerns and failure to provide adequate air
3 quality mitigation for the project's air quality
4 impacts leaves this decision in violation of Title
5 6 of the Civil Rights Act, and -- environmental
6 justice guidelines.

7 I participated in many Commission
8 proceedings, as you Commissioners know. I have
9 never been in any proceeding where not one member
10 of the affected public spoke in support of this
11 project.

12 Your vote today to approve this project
13 will not shut down the Potrero 3 Unit. As the
14 decision clearly says on page 303, the applicant
15 contends that the SFERP will benefit the local
16 community by facilitating the shutdown of the
17 existing Potrero Unit, or at least assist in
18 creating the opportunity for such a shutdown.

19 Overall, as noted by intervenor Sarvey,
20 the evidence in the record simply does not
21 persuade us that generation at the Potrero site
22 will necessarily cease as the result of the SFERP.

23 Your approval today of this project
24 today basically replaces the Hunter's Point
25 project with a new emission source, and continues

1 the pattern of environmental (inaudible) that the
2 City of San Francisco has perpetrated on the Bay
3 View/Hunter's Point community for the last 50
4 years.

5 Thank you, Commissioners.

6 CHAIRPERSON PFANNENSTIEL: Thank you,
7 Mr. Sarvey. May I ask whether there are other who
8 intend to comment?

9 MR. BOSS: Good afternoon,
10 Commissioners. My name is Joe Boss; I am the
11 intervenor for two communities that are nestled
12 right next to the current Mirant Power Plant, and
13 the closest communities to the proposed San
14 Francisco Reliability project. That's Dogpatch
15 and Potrero Hill.

16 I did speak at the previous hearing, and
17 I do believe Mr. Sarvey knows I was there speaking
18 for our community.

19 This whole process has been lengthy. It
20 has been probably, in many ways, more thorough
21 than what I went through as an intervenor for Unit
22 7, the Mirant project.

23 The City and County of San Francisco
24 sponsoring something that they fight so hard to
25 make sure that there is environmental justice,

1 that we are cleaning the environment and so forth.
2 It's kind of ironic that the claim would be that
3 this is the City and County of San Francisco
4 pushing something down on a community.

5 Personally, I really do look forward to
6 having the ability of Cal-ISO to remove a
7 reliability-must run contract that is probably the
8 only rational way that Mirant would ever be in
9 favor of shuttering their plant.

10 This goes back, the whole issue goes
11 back, actually, to about 2002 when the district
12 supervisor from district 10, which is where all
13 three power plants, one proposed and two that have
14 been in existence, Sophie Maxwell, introduced an
15 ordinance. And part of that ordinance, and
16 probably to me the most critical part, was
17 demanding that the City, through the SFPUC and the
18 Department of Environment, create an energy plan
19 that would allow the City to move into renewables,
20 distributed generation and also work on
21 conservation.

22 That plan, which was, included a lot of
23 community input, the basic bottomline was the only
24 way we're going to be able to get from here to
25 there is to have some intown generation that's

1 probably fossil fuel-based, but that gives
2 reliability to fill in the peaks and valleys that
3 whether we go to tidal or wind or whatever, would
4 allow San Francisco and the Peninsula to keep that
5 reliability.

6 From there, I was part of a stakeholder
7 group that met with Cal-ISO. Cal-ISO came up with
8 the first action plan in the state, where they
9 took a look, and it's a fairly new organization,
10 PG&E and Edison and so forth, used to do all of
11 the long-range planning.

12 So, Cal-ISO comes up with a plan that
13 says if you do this, that and the other thing, you
14 include a transmission, it included new
15 generation, that it would be possible to remove
16 the RMR contract from the Mirant site. That is a
17 huge gain, should we be able to pull that off.

18 I have a sneaky hunch that as we move
19 down, and there are other issues, you have to
20 approve this; it has to be financed; it has to be
21 approved by several other regulatory agencies,
22 both in the City and the state, that once that's
23 done we'll have a much clearer path as to whether
24 or not Mirant will be able to see the light and
25 decide that the land is probably worth more than

1 continuing to operate a merchant plant that loses
2 money every time they turn the switch on.

3 At that point in time we will all sit
4 together and say, fine, go ahead with the CTs
5 because it will result in Mirant being --
6 shuttering their plant.

7 I'm certainly available for any
8 questions. And I do encourage you to believe that
9 there's a huge segment of society that believes in
10 environmental justice, that sits right next to
11 these power plants, but thinks this is one of the
12 best pieces of a solution. Thank you.

13 CHAIRPERSON PFANNENSTIEL: Thank you,
14 sir. Thank you for participating.

15 Other comments?

16 May I ask the Committee, comments?

17 COMMISSIONER BOYD: I have a question
18 of, I guess, staff on the reference to the
19 \$800,000 for street sweeping that we heard a
20 little earlier. Can somebody clear that up for
21 me?

22 MR. RATLIFF: The referenced \$800,000
23 for street sweeping is a reference to a comment
24 made by the staff air quality witness in what has
25 been described as a settlement conference with

1 intervenors and the applicant to try to see if
2 there was a possibility of agreeing to what the
3 mitigation should be for the project's PM10
4 contribution.

5 The staff has had some rather
6 unfortunate experience --

7 (Fire drill.)

8 SPEAKER: This is a Commission fire
9 drill. What I need to have you do is go out
10 the --

11 (Off the record.)

12 CHAIRPERSON PFANNENSTIEL: We are all
13 back in place. When we were so rudely interrupted
14 I believe Mr. Ratliff was answering a question of
15 Commissioner Boyd's.

16 MR. RATLIFF: Yes. And I think
17 Commissioner Boyd had asked whether the staff-
18 proposed \$800,000 of wood stove mitigation --

19 COMMISSIONER BOYD: The reference, I
20 believe by Mr. Sarvey, was to \$800,000 for street
21 sweeping. Unless I heard it wrong.

22 MR. RATLIFF: No, I think you heard it
23 wrong, because the -- I think the suggestion is
24 that staff had proposed \$800,000 of wood stove
25 mitigation, which is favored by Mr. Sarvey.

1 And the reference to the \$800,000 arose
2 in this settlement effort, this meeting we had
3 with Mr. Sarvey, where the staff was actually
4 quite reluctant to abandon the mitigation proposal
5 that it actually has made in this case --

6 COMMISSIONER BOYD: I don't mean to
7 interrupt you, but if it's truly for wood stoves,
8 I remember all of that.

9 MR. RATLIFF: Okay.

10 COMMISSIONER BOYD: And if I
11 misunderstood it, I shouldn't have asked the
12 question in the first place.

13 MR. RATLIFF: Well, actually I would
14 just like to say that staff has never proposed
15 \$800,000 of wood stove mitigation. The term in
16 the workshop came up, because staff has had some
17 problems with other wood stove proposals in the
18 Bay Area getting adequate subscription to get the
19 kind of mitigation tonnage that it expects, it was
20 reluctant to rely on wood stoves for that kind of
21 mitigation.

22 And in the context of our discussion I
23 think the staff member said he would not accept
24 less than \$800,000 to get the sufficient tonnage
25 as an alternative mitigation.

1 I don't think it was actually -- I think
2 it's an incorrect characterization to say that
3 staff proposed \$800,000 of wood stoves.

4 CHAIRPERSON PFANNENSTIEL: Thank you.
5 Further discussion or questions, Commissioners?

6 COMMISSIONER BOYD: Seeing none --

7 CHAIRPERSON PFANNENSTIEL: Is there a
8 motion?

9 COMMISSIONER BOYD: Seeing none, I was
10 going to say, Madam Chair, I will move the
11 Commission adopt as its decision in this case the
12 Presiding Member's Proposed Decision for the San
13 Francisco Electric Reliability project, including
14 the errata that was issued by the Committee.

15 CHAIRPERSON PFANNENSTIEL: Commissioner
16 Geesman.

17 COMMISSIONER GEESMAN: I will second the
18 motion, and I'd like to make a few additional
19 remarks, as well.

20 I'll defer to our former colleague, Mr.
21 Varanini, as to the precise count on the number of
22 siting cases that we have had within the
23 jurisdiction of the City and County of San
24 Francisco, but suffice it to be said we've been
25 here perhaps not literally at this point in the

1 process, but we have been engaged in these cases
2 many many many many many times. There is no more
3 difficult locale for siting a power plant in the
4 state than the City and County of San Francisco.

5 I think everybody that has participated in
6 this process is painfully well aware of that.

7 We have benefitted greatly by the
8 elected leadership within the City and County of
9 San Francisco of smoothing out a number of
10 problems in the southeastern portion of the City
11 that have made our siting case relatively easy. I
12 think that the Mayor, certainly the Board of
13 Supervisors, have spent a lot of effort listening
14 to the affected community. And I think that our
15 process has very much been the beneficiary of
16 that.

17 The easy part ends today. There is
18 still a great deal that the City needs to do to
19 make good on the opportunities that this license
20 will present. Most obviously you need to proceed
21 to construction. But you also need, I think, to
22 make good use of the bonding authorization the
23 electorate of San Francisco has provided for solar
24 energy.

25 You need to, I think, aggressively

1 pursue opportunities for distributed generation.
2 And as this Commission has heard several times in
3 the last six months, it is inadvertent aspects of
4 state policy that in many instances create the
5 roadblocks to greater reliance on distributed
6 generation.

7 And I think you need to address the
8 particular challenge of a greater reliance on
9 energy efficiency in a community, most of whose
10 housing stock is rental housing. And there is
11 nobody in the United States that has figured out
12 how to penetrate that market sector very
13 effectively. And I think that challenge is
14 squarely in front of the City.

15 But it's important that we start here
16 with this license. And I want to congratulate my
17 colleague, Commissioner Boyd, for the steady hand
18 on the tiller he has had throughout what I suggest
19 is a relatively easy siting case, but one which
20 has had its fair share, and then some, of very
21 perplexing procedural challenges.

22 I'm a friend of the intervenors
23 generically. I think they contribute a great deal
24 to our process. Most of the time what we expect
25 from them is a contribution to the evidentiary

1 record. In this instance we had a lot of
2 contribution to the outer dimensions of our
3 procedural requirements.

4 I know that they tried the patience of
5 the Committee and the Hearing Officer and the
6 staff on many occasions; but I think that they did
7 put us through our paces. We've been extremely
8 well advised by our General Counsel's Office and
9 by our Hearing Officer.

10 I'm satisfied that we have done
11 ourselves well, and done the intervenors well, n
12 the procedural rulings that we have made. But
13 that credit primarily goes to Commissioner Boyd
14 for the way in which he's conducted the case.

15 So, I second the motion, Madam Chair.

16 COMMISSIONER BOYD: Thank you,
17 Commissioner Geesman.

18 CHAIRPERSON PFANNENSTIEL: Thank you,
19 Commissioner Geesman.

20 I want to thank the Committee in this
21 case. I didn't have to sit through all of the
22 long hearings on this proceeding. But I did wade
23 through the PMPD. And found that it was both
24 clear and compelling in terms of how the evidence
25 was sorted and presented.

1 And so I feel very good about the
2 decision that we have before us.

3 So, with that, further comments from the
4 Commission?

5 COMMISSIONER BOYD: Well, I just want to
6 make sure the Hearing Officer Fay gets some of
7 that credit, because he's done a very commendable
8 job; as has the staff. Unlike on prior cases, I
9 don't think I've ever had disagreement or serious
10 question of proposals from the staff.

11 So, it's been a long course, but we've
12 accomplished it, and everyone's done a good job.
13 And I thank Commissioner Geesman for his comments
14 and share them with the staff and particularly
15 with Mr. Fay.

16 CHAIRPERSON PFANNENSTIEL: With that,
17 all in favor?

18 (Ayes.)

19 CHAIRPERSON PFANNENSTIEL: So the PMPD
20 with errata for the San Francisco Electric
21 Reliability project is approved.

22 Now, I'm going to call a hopefully short
23 executive session to discuss personnel matters
24 with the Commissioners and the Executive Director,
25 in my office.

1 Otherwise, we'll be adjourned.
2 (Whereupon, at 2:29 p.m., the special
3 business meeting hearing was adjourned.)

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CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Special Business Meeting and Hearing; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting and hearing, nor in any way interested in outcome of said meeting and hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 10th day of October, 2006.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345